## Part 1 – Annual Budget

### 1. Mayor's Report

The mayor's report will be furnished on the submission of the municipality's final budget.

### 2. Council Resolutions

Refer to section A

### 3. Executive Summary

On July 1, 2004 the Municipal Finance Management Act officially came into effect. This legislation provides for significant changes in the way municipalities in South Africa manage their financial affairs. The legislation not only deals with accounting and finance issues but also deals with general management issues.

While the official date for the legislation was July 1, 2004 the implementation will be phased in up to a maximum of five years. This is due to the fact that the changes required are significant and far-reaching. Councils require time to make the necessary changes and ensure that employees understand and are trained in the required changes.

In terms of implementation, Naledi Local Municipality has been classified as a low capacity municipality. The Municipality has made significant progress in the implementation of the MFMA.

The Municipal Finance Management Act (MFMA) No. 56 of 2003 stipulates that an annual budget must be compiled and tabled in Council by 31 March, where after such is to be made available for public consultation, and at the end of that process Council must consider the budget by 31 May at the latest for approval.

The budget of the Naledi Local Municipality hereto presented as attached has been compiled for the 2011 / 2012 financial year as well as for the 2012 / 2013 and the 2013 / 2014 multi-year periods. At 7 March 2011, National Treasury issued MFMA Circular No. 55 providing municipalities with information for the preparation of their

2011 / 2012 MTREF (Medium Term Revenue and Expenditure Framework) budgets and including guidance on growth parameters and related budget issues.

### 3.1 Overview of budget assumptions

The following factors were taken into consideration and assumptions made when compiling the budget for 2011/12, in order to compile a meaningful budget that is easy to understand:

**External factors utilized during the calculation of the estimated revenue:-**

- population;
- households;
- employment;
- health;
- development of businesses;
- new residential areas;
- The current inflation rate and its impact on the municipal activities;
- Macro Economic Trends and Growth Rates
- Interest rates for:
    - borrowing; and
    - investment of funds;
- Rates, tariffs, charges and timing of revenue collection;
- Growth or decline in tax base of the municipality;
- Anticipated price movements on bulk purchases of water and electricity, fuel etc.;
- Anticipated average salary increases;
- Demand for the different services;
- Provision of Free basic services;
- Grants and subsidies as per Division of Revenue Act;
- Impact of national, provincial and local policies;
- Ability of the municipality to spend and deliver the services.

**The abovementioned assumptions were developed from the following sources:**

- Information provided by government and Statistics SA;
- Information gained from reports from the financial system;
- Local conducted surveys by the district municipality (Bophirima District Municipality) and consumption data in respect of water, electricity, waste, sewerage outflow etc; and
- The municipality's own analysis of statistical data in respect of actual demand and consumptions in their communities.

### 3.2 Overview of budget funding

Rates, Tariff and other charges

The schedule for tariffs is attached, marked "**Section HI".** The Schedule is submitted to Council for adoption and for community consultative process.

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**Investments**

Investment particulars will be detailed on supporting table 4-4a :-

- Supporting table 4 – Investment particulars by type
- Supporting table 4a – Investment particulars by maturity

**Grant allocations**

Grants and Subsidies will be detailed on supporting table 5-7:-

- Supporting table 5 – Grants and Subsidy allocation
- Supporting table 6 – New borrowings
- Supporting table 7 – Grant allocation

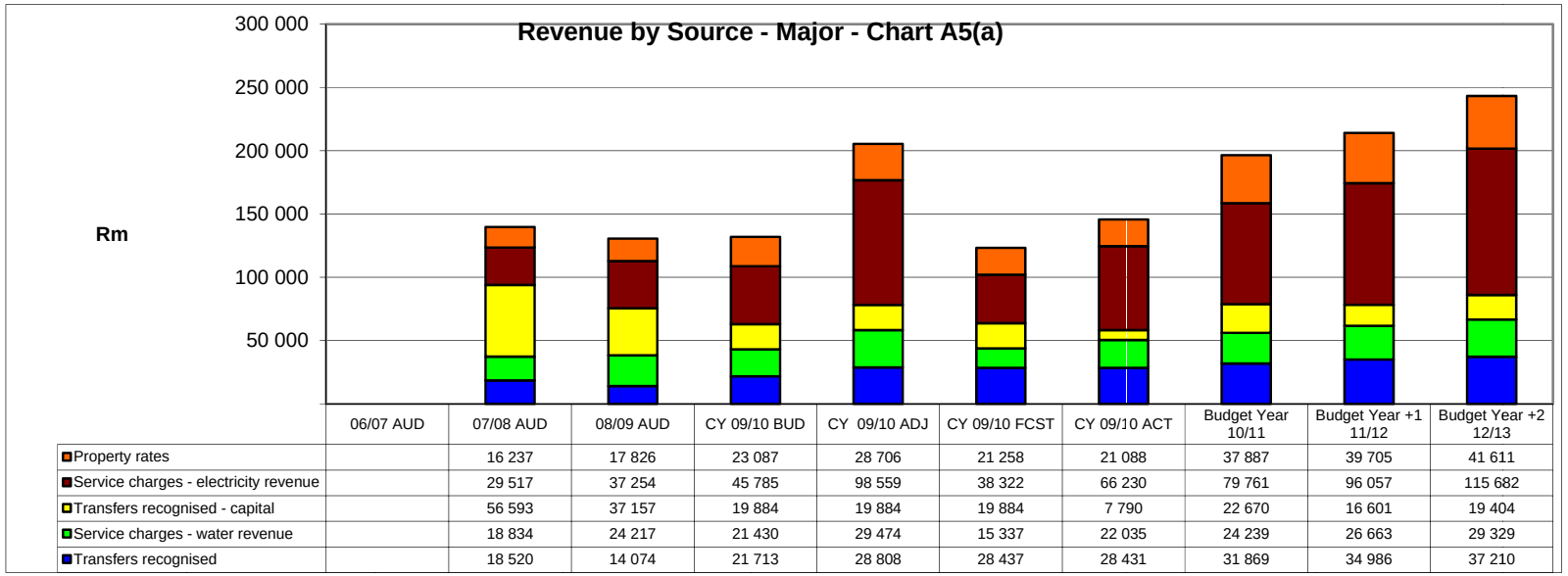
## 4. Operating Budget

Operating expenditure for 2011 / 2012 is planned to be R 219 635 million increasing from R 133 398 million adjustment budget (approved R 228 575) in 2010 / 2011, an increase of R 86 237 million. The budget will be funded from own revenue to the tune of R 188 348 million and grants and subsidies amounting of R 54 539 million of which R 31 409 million is for operational expenditure, R 16 686 million for capital expenditure as per DORA, R 460 hundred thousand from Department of Sport, Arts and Culture and rollover of grants for R 5 984 million for MIG to be applied for from National treasury "Section EF".

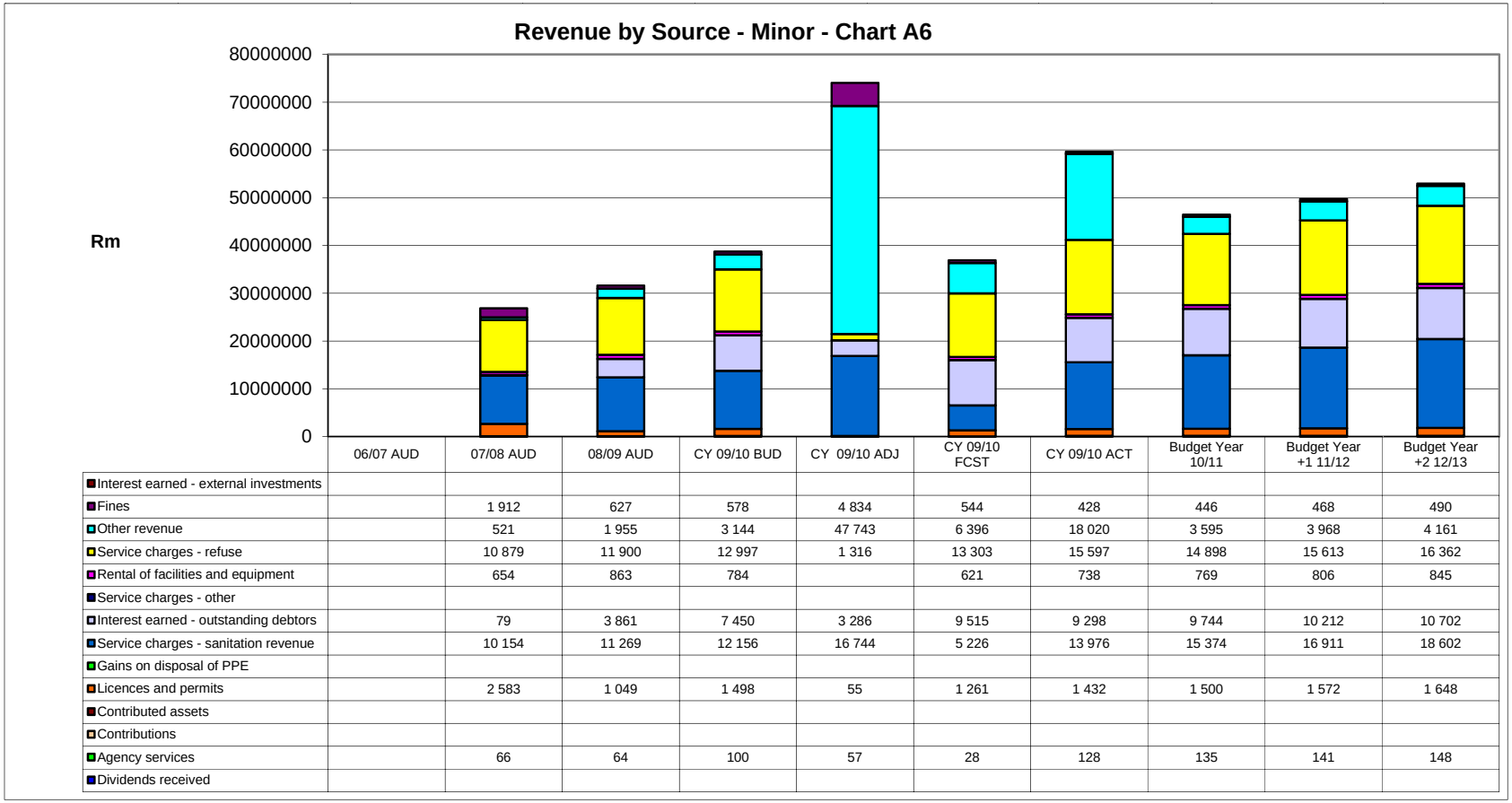
NW392 Naledi (Nw) - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description | Ref | 2007/8 | 2008/9 | 2009/10 | Current Year 2010/11 | | | | 2011/12 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2011/12 | Budget Year +1 2012/13 | Budget Year +2 2013/14 |
| Revenue By Source | | | | | | | | | | | |
| Property rates | 2 | 16 237 | 17 826 | 23 087 | 28 706 | 21 258 | 21 088 | 21 258 | 37 887 | 39 705 | 41 611 |
| Property rates - penalties & collection charges | | | | | | | | | | | |
| Service charges - electricity revenue | 2 | 29 517 | 37 254 | 45 785 | 98 559 | 38 322 | 66 230 | 66 230 | 79 761 | 96 057 | 115 682 |
| Service charges - water revenue | 2 | 18 834 | 24 217 | 21 430 | 29 474 | 15 337 | 22 035 | 22 035 | 24 239 | 26 663 | 29 329 |
| Service charges - sanitation revenue | 2 | 10 154 | 11 269 | 12 156 | 16 744 | 5 226 | 13 976 | 13 976 | 15 374 | 16 911 | 18 602 |
| Service charges - refuse revenue | 2 | 10 879 | 11 900 | 12 997 | 1 316 | 13 303 | 15 597 | 15 597 | 14 898 | 15 613 | 16 362 |
| Service charges – other | | 521 | – | – | 526 | | | | | | |
| Rental of facilities and equipment | | 654 | 863 | 784 | – | 621 | 738 | 738 | 769 | 806 | 845 |
| Interest earned - external investments | | 18 | – | | 19 | | | | | | |
| Interest earned - outstanding debtors | | 79 | 3 861 | 7 450 | 3 286 | 9 515 | 9 298 | 9 298 | 9 744 | 10 212 | 10 702 |
| Dividends received | | 134 | – | | – | | | | | | |
| Fines | | 1 912 | 627 | 578 | 4 834 | 544 | 428 | 428 | 446 | 468 | 490 |
| Licences and permits | | 2 583 | 1 049 | 1 498 | 55 | 1 261 | 1 432 | 1 432 | 1 500 | 1 572 | 1 648 |
| Agency services | | 66 | 64 | 100 | 57 | 28 | 128 | 128 | 135 | 141 | 148 |
| Transfers recognised - operational | | 18 520 | 14 074 | 21 713 | 28 808 | 28 437 | 28 431 | 28 431 | 31 869 | 34 986 | 37 210 |
| Other revenue | 2 | 521 | 1 955 | 3 144 | 47 743 | 6 396 | 18 020 | 17 851 | 3 595 | 3 968 | 4 161 |
| Gains on disposal of PPE | | | 833 | 92 | | | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Revenue (excluding capital transfers and contributions) | | 110 629 | 125 791 | 150 815 | 260 128 | 140 249 | 197 401 | 197 401 | 220 217 | 247 101 | 276 790 |
| Expenditure By Type | | | | | | | | | | | |
| Employee related costs | 2 | – | 47 413 | 65 660 | 72 121 | 69 725 | 68 455 | 68 455 | 93 612 | 103 813 | 111 551 |
| Remuneration of councillors | | 3 220 | 2 950 | 3 708 | 5 682 | 3 349 | 3 720 | 3 720 | 4 518 | 4 734 | 4 962 |
| Debt impairment | 3 | – | 51 777 | 69 126 | 9 700 | 318 | 9 700 | 9 700 | 10 000 | 10 480 | 10 983 |
| Depreciation & asset impairment | 2 | – | 8 506 | 8 882 | 8 245 | 3 052 | 8 882 | 8 882 | 9 800 | 10 270 | 10 763 |
| Finance charges | | 1 473 | 8 393 | 9 652 | 842 | (146) | 1 867 | 9 652 | 14 671 | 15 375 | 16 113 |
| Bulk purchases | 2 | 19 789 | 21 016 | 34 567 | 62 890 | 22 808 | 32 222 | 32 222 | 42 800 | 44 854 | 47 007 |
| Other materials | 8 | | 6 758 | 5 915 | 2 011 | 12 845 | 6 288 | 6 288 | 12 796 | 13 410 | 14 039 |
| Contracted services | | – | – | – | 736 | – | – | – | – | – | – |
| Transfers and grants | | 338 | – | – | 28 856 | | | | | | |
| Other expenditure | 4, 5 | 12 512 | 14 203 | 29 328 | 37 576 | 21 448 | – | – | 31 439 | 32 948 | 34 523 |
| Loss on disposal of PPE | | | | | | | | | | | |
| Total Expenditure | | 37 332 | 161 015 | 226 838 | 228 658 | 133 398 | 131 134 | 138 918 | 219 635 | 235 885 | 249 942 |
| Surplus/(Deficit) | | 73 297 | (35 224) | (76 022) | 31 470 | 6 851 | 66 267 | 58 483 | 582 | 11 217 | 26 848 |




| | 06/07 AUD | 07/08 AUD | 08/09 AUD | CY 09/10 BUD | CY 09/10 ADJ | CY 09/10 FCST | CY 09/10 ACT | Budget Year 10/11 | Budget Year +1 11/12 | Budget Year +2 12/13 |
|---|---|---|---|---|---|---|---|---|---|---|
| Property rates | | 16 237 | 17 826 | 23 087 | 28 706 | 21 258 | 21 088 | 37 887 | 39 705 | 41 611 |
| Service charges - electricity revenue | | 29 517 | 37 254 | 45 785 | 98 559 | 38 322 | 66 230 | 79 761 | 96 057 | 115 682 |
| Transfers recognised - capital | | 56 593 | 37 157 | 19 884 | 19 884 | 19 884 | 7 790 | 22 670 | 16 601 | 19 404 |
| Service charges - water revenue | | 18 834 | 24 217 | 21 430 | 29 474 | 15 337 | 22 035 | 24 239 | 26 663 | 29 329 |
| Transfers recognised | | 18 520 | 14 074 | 21 713 | 28 808 | 28 437 | 28 431 | 31 869 | 34 986 | 37 210 |




| | 06/07 AUD | 07/08 AUD | 08/09 AUD | CY 09/10 BUD | CY 09/10 ADJ | CY 09/10 FCST | CY 09/10 ACT | Budget Year 10/11 | Budget Year +1 11/12 | Budget Year +2 12/13 |
|---|---|---|---|---|---|---|---|---|---|---|
| Interest earned - external investments | | | | | | | | | | |
| Fines | | 1 912 | 627 | 578 | 4 834 | 544 | 428 | 446 | 468 | 490 |
| Other revenue | | 521 | 1 955 | 3 144 | 47 743 | 6 396 | 18 020 | 3 595 | 3 968 | 4 161 |
| Service charges - refuse | | 10 879 | 11 900 | 12 997 | 1 316 | 13 303 | 15 597 | 14 898 | 15 613 | 16 362 |
| Rental of facilities and equipment | | 654 | 863 | 784 | | 621 | 738 | 769 | 806 | 845 |
| Service charges - other | | | | | | | | | | |
| Interest earned - outstanding debtors | | 79 | 3 861 | 7 450 | 3 286 | 9 515 | 9 298 | 9 744 | 10 212 | 10 702 |
| Service charges - sanitation revenue | | 10 154 | 11 269 | 12 156 | 16 744 | 5 226 | 13 976 | 15 374 | 16 911 | 18 602 |
| Gains on disposal of PPE | | | | | | | | | | |
| Licences and permits | | 2 583 | 1 049 | 1 498 | 55 | 1 261 | 1 432 | 1 500 | 1 572 | 1 648 |
| Contributed assets | | | | | | | | | | |
| Contributions | | | | | | | | | | |
| Agency services | | 66 | 64 | 100 | 57 | 28 | 128 | 135 | 141 | 148 |
| Dividends received | | | | | | | | | | |

## 5. Capital budget

The proposed capital budget for 2011 / 2012 is R 43 464 040 which will be funded from MIG of R 12 009 million, INEP R 4 320 million, EPWP R 357 000, MSIG R 150 000, the internal funding amounting to R 20 644 040 and rollover of grants for R 5 984 million for MIG to be applied for from National treasury .

The list of proposed projects for the 2011 / 2012 capital budget and the 2012 / 2013 and 2013 / 2014 multi year period are attached as per section "G".

It should be noted that the difficulty in developing and balancing any budget especially the capital budget is due to the fact that the demands are always far greater than the available resources for any particular financial year. It is therefore important that the municipality must adopt in line with its objectives as set in the IDP have a transparent means in which to prioritize these projects in order to fit them within the available resources and at the same time promoting a balanced service delivery amongst all the communities within the municipal area of jurisdiction.

NW392 Naledi (Nw) - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

| Vote Description | Ref | 2007/8 | 2008/9 | 2009/10 | Current Year 2010/11 | | | | 2011/12 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | 1 | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Pre-audit outcome | Budget Year 2011/12 | Budget Year +1 2012/13 | Budget Year +2 2013/14 |
| Capital expenditure – Vote | | | | | | | | | | | |
| Multi-year expenditure *to be appropriated* | 2 | | | | | | | | | | |
| Vote1 - ADMINISTRATION & CORPORATE SERVICES | | – | – | – | 1 620 | 1 620 | 1 620 | 1 620 | 893 | 70 | 30 |
| Vote2 - FINANCE MANAGEMENT SERVICES | | – | – | – | 970 | 270 | 270 | 270 | 420 | 170 | 140 |
| Vote3 - COMMUNITY DEVELOPMENT SERVICES | | – | – | – | 13 520 | 5 528 | 5 528 | 5 528 | 10 577 | 9 553 | 4 400 |
| Vote4 - TECHNICAL SERVICES | | – | – | – | 75 893 | 15 027 | 15 027 | 15 027 | 31 274 | 54 786 | 61 956 |
| Vote5 - MUNICIPAL MANAGER | | – | – | – | 550 | 550 | 550 | 550 | 300 | 50 | 50 |
| Vote6 - Example 6 | | – | – | – | – | – | – | – | – | – | – |
| Vote7 - Example 7 | | – | – | – | – | – | – | – | – | – | – |
| Vote8 - Example 8 | | – | – | – | – | – | – | – | – | – | – |
| Vote9 - Example 9 | | – | – | – | – | – | – | – | – | – | – |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Vote10 - Example 10 | | – | – | – | – | – | – | – | – | – | – |
| Vote11 - Example 11 | | – | – | – | – | – | – | – | – | – | – |
| Vote12 - Example 12 | | – | – | – | – | – | – | – | – | – | – |
| Vote13 - Example 13 | | – | – | – | – | – | – | – | – | – | – |
| Vote14 - Example 14 | | – | – | – | – | – | – | – | – | – | – |
| Vote15 - Example 15 | | – | – | – | – | – | – | – | – | – | – |
| Capital multi-year expenditure sub-total | 7 | – | – | – | 92 553 | 22 995 | 22 995 | 22 995 | 43 464 | 64 629 | 66 576 |
| Single-year expenditure *to be appropriated* | 2 | | | | | | | | | | |
| Vote1 - ADMINISTRATION & CORPORATE SERVICES | | – | – | – | – | – | – | – | – | – | – |
| Vote2 - FINANCE MANAGEMENT SERVICES | | – | – | – | – | – | – | – | – | – | – |
| Vote3 - COMMUNITY DEVELOPMENT SERVICES | | – | – | – | – | – | – | – | – | – | – |
| Vote4 - TECHNICAL SERVICES | | – | – | – | – | – | – | – | – | – | – |
| Vote5 - MUNICIPAL MANAGER | | – | – | – | – | – | – | – | – | – | – |
| Vote6 - Example 6 | | – | – | – | – | – | – | – | – | – | – |
| Vote7 - Example 7 | | – | – | – | – | – | – | – | – | – | – |
| Vote8 - Example 8 | | – | – | – | – | – | – | – | – | – | – |
| Vote9 - Example 9 | | – | – | – | – | – | – | – | – | – | – |
| Vote10 - Example 10 | | – | – | – | – | – | – | – | – | – | – |
| Vote11 - Example 11 | | – | – | – | – | – | – | – | – | – | – |
| Vote12 - Example 12 | | – | – | – | – | – | – | – | – | – | – |
| Vote13 - Example 13 | | – | – | – | – | – | – | – | – | – | – |
| Vote14 - Example 14 | | – | – | – | – | – | – | – | – | – | – |
| Vote15 - Example 15 | | – | – | – | – | – | – | – | – | – | – |
| Capital single-year expenditure sub-total | | – | – | – | – | – | – | – | – | – | – |
| Total Capital Expenditure – Vote | | – | – | – | 92 553 | 22 995 | 22 995 | 22 995 | 43 464 | 64 629 | 66 576 |
| Capital Expenditure – Standard | | | | | | | | | | | |
| *Governance and administration* | | – | – | – | 3 140 | 2 440 | 2 440 | 2 440 | 1 613 | 290 | 220 |
| Executive and council | | | | | 550 | 550 | 550 | 550 | 300 | 50 | 50 |
| Budget and treasury office | | | | | 970 | 270 | 270 | 270 | 420 | 170 | 140 |
| Corporate services | | | | | 1 620 | 1 620 | 1 620 | 1 620 | 893 | 70 | 30 |
| *Community and public safety* | | – | – | – | 3 511 | 1 750 | 1 750 | 1 750 | 3 085 | 806 | 50 |
| Community and social services | | | | | 2 511 | 750 | 750 | 750 | 2 135 | 306 | 50 |
| Sport and recreation | | | | | | | | | | | |
| Public safety | | | | | 1 000 | 1 000 | 1 000 | 1 000 | 950 | 500 | – |
| Housing | | | | | | | | | | | |
| Health | | | | | | | | | | | |
| *Economic and environmental services* | | – | – | – | 10 565 | 4 930 | 4 930 | 4 930 | 13 767 | 18 626 | 24 456 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Planning and development | | | | | | | | | | | |
| Road transport | | | | | 10 565 | 4 930 | 4 930 | 4 930 | 13 767 | 18 626 | 24 456 |
| Environmental protection | | | | | | | | | | | |
| *Trading services* | | – | – | – | 74 926 | 13 465 | 13 465 | 13 465 | 24 848 | 44 717 | 41 890 |
| Electricity | | | | | 48 440 | 9 189 | 9 189 | 9 189 | 10 848 | 5 430 | 7 000 |
| Water | | | | | 4 378 | 498 | 498 | 498 | 5 160 | 240 | 240 |
| Waste water management | | | | | 12 100 | – | – | – | 1 199 | 30 300 | 30 300 |
| Waste management | | | | | 10 008 | 3 778 | 3 778 | 3 778 | 7 642 | 8 747 | 4 350 |
| *Other* | | | | | 410 | 410 | 410 | 410 | 150 | 190 | 260 |
| Total Capital Expenditure – Standard | 3 | – | – | – | 92 553 | 22 995 | 22 995 | 22 995 | 43 464 | 64 629 | 66 876 |
| Funded by: | | | | | | | | | | | |
| National Government | | | 58 198 | 45 516 | 56 430 | 11 827 | 11 827 | 11 827 | 23 538 | 16 601 | 19 404 |
| Provincial Government | | | | | | | | | | | |
| District Municipality | | | | | 18 700 | – | – | | | | |
| Other transfers and grants | | | | | | | | | | | |
| Transfers recognised – capital | 4 | – | 58 198 | 45 516 | 75 130 | 11 827 | 11 827 | 11 827 | 23 538 | 16 601 | 19 404 |
| Public contributions & donations | 5 | | | | 10 000 | – | – | | | | |
| Borrowing | 6 | | | | | | | | | | |
| Internally generated funds | | | | | 7 423 | 11 168 | 11 168 | 11 168 | 19 926 | 48 028 | 47 172 |
| Total Capital Funding | 7 | – | 58 198 | 45 516 | 92 553 | 22 995 | 22 995 | 22 995 | 43 464 | 64 629 | 66 576 |

## 6. Budget summary

Provision has been made for 7.5 % increase in employees' salaries in terms of the three years' salary agreement, and 7.5 % estimated increase in salaries of Councilors which still have to be announced in terms of Public Office Bearers Act. Provision for salaries is planned at R 93 612 million for employees and R 4 517 million for Councilor's allowances which represent 42 % for the 2011 / 2012 which is above 35 % limit as required by INCA benchmarking.

NW392 Naledi (Nw) - Supporting Table SA22 Summary councillor and staff benefits

| Summary of Employee and Councillor remuneration | Ref | 2007/8 | 2008/9 | 2009/10 | Current Year 2010/11 | | | 2011/12 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|---|
| R thousand | | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2011/12 | Budget Year +1 2012/13 | Budget Year +2 2013/14 |
| - | 1 | A | B | C | D | E | F | G | H | I |
| Councillors (Political Office Bearers plus Other) | | | | | | | | | | |
| Salary | | | 2 950 | 3 708 | 4 651 | 4 651 | 4 651 | 3 698 | 3 933 | 4 228 |
| Pension Contributions | | | | | 55 | 55 | 55 | 44 | 47 | 51 |
| Medical Aid Contributions | | | | | 962 | 962 | 962 | 765 | 822 | 884 |
| Motor vehicle allowance | | | | | | | | | – | – |
| Cell phone allowance | | | | | | | | | – | – |
| Housing allowance | | | | | 6 | 6 | 6 | 5 | 5 | 5 |
| Other benefits or allowances | | | | | 2 | 2 | 2 | 1 | 1 | 2 |
| In-kind benefits | | | | | 6 | 6 | 6 | 5 | 5 | 5 |
| Sub Total – Councillors | | – | 2 950 | 3 708 | 5 682 | 5 682 | 5 682 | 4 518 | 4 814 | 5 175 |
| % increase | 4 | | – | 25.7% | 53.2% | – | – | (20.5%) | 6.6% | 7.5% |
| Senior Managers of the Municipality | 2 | | | | | | | | | |
| Salary | | | 3 437 | 2 586 | 5 471 | 5 471 | 5 471 | 5 843 | 6 241 | 6 665 |
| Pension Contributions | | | | | | | | | – | – |
| Medical Aid Contributions | | | | | | | | | – | – |
| Motor vehicle allowance | | | | 933 | | | | | – | – |
| Cell phone allowance | | | | | 78 | 78 | 78 | 83 | 89 | 95 |
| Housing allowance | | | | | | | | | – | – |
| Performance Bonus | | | | | 700 | 700 | 700 | 748 | 798 | 853 |
| Other benefits or allowances | | | | 681 | | | | | | |
| In-kind benefits | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Sub Total - Senior Managers of Municipality | | – | 3 437 | 4 200 | 6 249 | 6 249 | 6 249 | 6 674 | 7 128 | 7 613 |
| % increase | 4 | | – | 22.2% | 48.8% | – | – | 6.8% | 6.8% | 6.8% |
| Other Municipal Staff | | | | | | | | | | |
| Basic Salaries and Wages | | | 32 553 | 42 294 | 43 330 | 42 319 | 48 175 | 60 244 | 64 803 | 69 707 |
| Pension Contributions | | | 5 403 | 8 460 | 7 485 | 12 402 | 9 726 | 15 067 | 16 197 | 17 412 |
| Medical Aid Contributions | | | 2 962 | 3 355 | 4 851 | | | | | |
| Motor vehicle allowance | | | 2 625 | 2 798 | 2 790 | 4 782 | 4 731 | 5 383 | 5 792 | 6 233 |
| Cell phone allowance | | | | | 98 | | | | | |
| Housing allowance | | | 348 | 393 | 871 | 604 | 334 | 665 | 715 | 769 |
| Overtime | | | 3 067 | 4 159 | 111 | 2 951 | 4 251 | 4 746 | 5 102 | 5 485 |
| Performance Bonus | | | | | | | | | | |
| Other benefits or allowances | | 4 333 | 455 | 1 | 654 | 417 | 459 | 832 | 4 075 | 4 333 |
| In-kind benefits | | | | | | | | – | | |
| Sub Total - Other Municipal Staff | | 4 333 | 47 413 | 61 460 | 60 190 | 63 476 | 67 677 | 86 938 | 96 685 | 103 938 |
| % increase | 4 | | 994.3% | 29.6% | (2.1%) | 5.5% | 6.6% | 28.5% | 11.2% | 7.5% |
| Total Parent Municipality | | 4 333 | 53 799 | 69 368 | 72 121 | 75 407 | 79 608 | 98 129 | 108 627 | 116 726 |
| | | | 1 141.7% | 28.9% | 4.0% | 4.6% | 5.6% | 23.3% | 10.7% | 7.5% |
| Board Members of Entities | | | | | | | | | | |
| Salary | | | | | | | | | | |
| Pension Contributions | | | | | | | | | | |
| Medical Aid Contributions | | | | | | | | | | |
| Motor vehicle allowance | | | | | | | | | | |
| Cell phone allowances | | | | | | | | | | |
| Housing allowance | | | | | | | | | | |
| Board Fees | | | | | | | | | | |
| Other benefits and allowances | | | | | | | | | | |
| In-kind benefits | | | | | | | | | | |
| Sub Total - Board Members of Entities | | – | – | – | – | – | – | – | – | – |
| % increase | 4 | | – | – | – | – | – | – | – | – |
| Senior Managers of Entities | | | | | | | | | | |
| Salary | | | | | | | | | | |
| Pension Contributions | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Medical Aid Contributions | | | | | | | | | | |
| Motor vehicle allowance | | | | | | | | | | |
| Cell phone allowances | | | | | | | | | | |
| Housing allowance | | | | | | | | | | |
| Performance Bonus | | | | | | | | | | |
| Other benefits or allowances | | | | | | | | | | |
| In-kind benefits | | | | | | | | | | |
| Sub Total - Senior Managers of Entities | | – | – | – | – | – | – | – | – | – |
| % increase | 4 | | – | – | – | – | – | – | – | – |
| Other Staff of Entities | | | | | | | | | | |
| Basic Salaries and Wages | | | | | | | | | | |
| Pension Contributions | | | | | | | | | | |
| Medical Aid Contributions | | | | | | | | | | |
| Motor vehicle allowance | | | | | | | | | | |
| Cell phone allowances | | | | | | | | | | |
| Housing allowance | | | | | | | | | | |
| Overtime | | | | | | | | | | |
| Performance Bonus | | | | | | | | | | |
| Other benefits or allowances | | | | | | | | | | |
| In-kind benefits | | | | | | | | | | |
| Sub Total - Other Staff of Entities | | – | – | – | – | – | – | – | – | – |
| % increase | 4 | | – | – | – | – | – | – | – | – |
| Total Municipal Entities | | – | – | – | – | – | – | – | – | – |
| TOTAL SALARY, ALLOWANCES & BENEFITS | | 4 333 | 53 799 | 69 368 | 72 121 | 75 407 | 79 608 | 98 129 | 108 627 | 116 726 |
| % increase | 4 | | 1 141.7% | 28.9% | 4.0% | 4.6% | 5.6% | 23.3% | 10.7% | 7.5% |
| TOTAL MANAGERS AND STAFF | 5 | 4 333 | 50 850 | 65 660 | 66 439 | 69 725 | 73 926 | 93 612 | 103 813 | 111 551 |

The cost of electricity factored into the tariff payable by consumers has been increased by 20.38 % to cover the increase in Eskom's electricity price of 26.71 %. In order to improve and sustain the provision quality water service to the communities of Naledi and to uphold the provision of free basic water to the poor households in the municipality the cost of water to be factored in the tariff payable by consumers has been increased by 10 %. Naledi will continue to provide for the free basic of free 6 kl of water and 50 kWh of electricity services as required by the Act.

**The following provision has been made on the budget to cater for the long term liabilities and creditors:-**

- Provision of R 4.9 million has been made for repayment of DBSA loans restructured for a period of ten (10) years.
- Provision of R 4.4 million for the repayment of Eskom Bulk arrangement.
- Provision of R 2.4 million for the financial statements audit and other regularity audit.
- Provision of R 3.6 million for the repayment of Vaalharts water.

The provision for bad debts has been maintained at R 10 million in anticipation of enhanced revenue collection that should flow from the implementation of the turnaround strategy of the new prepaid integrated into financial system software. The financial system provider has commenced the processes of cleansing the data in the financial system and consolidating our consumer accounts with the intention of linking all consumer accounts with the prepaid electricity system for the purpose of enhancing the revenue.

The Government grants, especially the equitable share is estimated to keep growing in the outer years of the MTREF moving from R 26 405 million in 2010 / 2011, to R 29 119 in 2011 / 2012, R 32 204 in 2012 / 2013 and reaching R 34 305 million in 2013 / 2014.

## 7. Proposed tariffs

In the 2011 / 2012 budget the following increase in tariffs for the basic services and other services are proposed:-

| ***SERVICE*** | ***2009 / 2010*** | ***2010 / 2011*** | ***2011 / 2012*** |
|---|---|---|---|
| Water | 7.5 % | 10 % | 10 % |
| Electricity | 33.1 % | 28.9 % | 20.38 % |
| Refuse | 7.5 % | 6 % | 4.8 % |
| Sewerage | 7.8 % | 6 % | 10 % |

| | | | |
|---|---|---|---|
| Property rates | 7.5 % | 6 % | 4.8 % |
| Other | 7.5 % | 6 % | 4.8 % |
| Flat rate(Dithakwaneng) | NEW | 53.28 | 53.28 |

Tariffs in relation to the property rates.

Assessment rates increase is proposed at 4.8 % and is in compliance with the Government Gazette No. 33016 Notice No. R 195 as issued by the minister of cooperative a traditional affairs in concurrence with the minister of finance.

The proposed tariffs are as follows:-

The tariffs of the municipality should make a flat rate for the sewer collection in Dithakwaneng in order to levy for the service currently given free of charge in that area.

## 8. Grant Allocations

Government has again sought to insulate Local Government from the on-going impact of the economic downturn. Although the economy is recovering, the fiscal situation remains very tight. Direct transfers to local government grow by R 21 billion over the medium term, of which R 5.1 billion is additional to baseline. National transfers to Local Government grow by 14.7 % between 2010 / 2011 and 2011 / 2012, which is significantly higher than the growth in total government expenditure of 9.8 % for the same period.

Naledi like any other municipality will benefit from this increase, and grant allocations for both operational and capital to the municipality over the 3-year period as appearing in the 2011 Division of Revenue Bill are indicated as follows:-

| ***REVENUE SOURCE*** | ***2009 / 2010 R'000*** | ***2010 / 2011 R'000*** | ***2011 / 2012 R'000*** | ***2012 / 2013 R'000*** | ***2013 / 2014 R'000*** |
|---|---|---|---|---|---|
| Equitable Share | 20,560 | 25,560 | 29,119 | 32,204 | 34,305 |
| Finance Management Grant | 750 | 1,000 | 1,500 | 1,500 | 1,500 |
| Municipal Systems Infrastructure | 735 | 750 | 790 | 800 | 900 |
| Water Operating Scheme Grant | - | - | - | | |

| | | | | | |
|---|---|---|---|---|---|
| Municipal Infrastructure Grant | 8,700 | 9984 | 12,009 | 14,601 | 15,404 |
| Integrated National Electrification Grant | 10,000 | - | 4,320 | 2,000 | 4,000 |
| EPWP | | | 357 | | |
| **TOTAL** | **40,745** | **37,294** | **48,095** | **51,105** | **56,109** |

## 9. Budget related Policies – Overview and proposed amendments

Various policies approved by Council underpin governance and the financial functioning of the municipality and are relevant to the budget process. The purpose of this section of the Budget Report is to indicate the key policies in this regard and to seek approval for any new or amended policies by Council. With the 2011 / 2012 budget the tariff policy and the schedule of rates and tariffs, credit control and debt management policy, indigent policy, cash and investment policy, budget policy, fund and reserve policy and are thus presented for review and adoption for public comments. These policies are attached as per section JKL" whilst the schedule of rates and tariffs is attached as section "HI".

### 9.1 BUDGET POLICY

This policy talks about the principle of budgeting. The municipality shall have a credible budget and a balance budget, and should ensure that revenue projections in the budget are realistic taking into account actual collection levels.

Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.

The Naledi Local Municipality shall prepare three-year budget medium term revenue and expenditure framework (MTREF) and that be reviewed annually and approved by Council. The MTREF budget shall at all times be within the framework of the Municipal Integrated Development Plan "Section JK".

### 9.2 FUNDS AND RESERVE POLICY

The policy sets out the assumptions and methodology for estimating the following "Section L":

- Projected billings, collections and all direct revenues.
- Provision for revenue that will not be collected.
- Funds that the municipality can expect from investments.
- Proceeds the municipality can expect to receive from the transfer or disposal of assets.

- Council's borrowing requirements.
- Funds to be set aside in reserves.

### 9.3 CREDIT CONTROL POLICY

To ensure that all monies due and payable to the municipality for rates and the services rendered are collected;

- Outline credit control and debt collection policy procedures and mechanism;
- Provide for conditions pertaining to the supply of services and the discontinuation thereof;
- Provide for mechanism whereby accounts or meter readings services are queried or verified and for written objections;
- To make provision for indigent support;
- To provide for mechanism where irrecoverable debt are written off; and
- To provide for penalties for non-compliance with the credit control and debt control management policy;
- To provide for incentives & disincentives in order to ensure cost-effective collection process; and
- To provide for measures to ensure that enforcement of payment must be prompt, consistent and effective.

### 9.4 ASSETS MANAGEMENT POLICY

The policy is all about the management of the assets.

### 9.5 RATES POLICY

This policy document guides the annual setting (or revision) of service charges and tariffs. It does not make specific tariffs proposals. Details pertaining to the applications of the various service tariffs are contained in the municipality's schedule of tariffs and rates published in the Provincial Gazette, which must be read in conjunction with this policy.

### 9.6 CASH MANAGEMENT AND INVESTMENT POLICY

This policy prescribes the manner in which the Municipality must conduct its cash management and investments. The policy further prescribes the obligations and the accountability of the municipality as a trustee of public funds that cash resources are managed as effectively as possible by ensuring that such funds are invested with great care. The investment policy aims through effective cash flow management program embedded on legislative provisions at gaining the highest possible return without undue risk during those periods when funds are not required.

### 9.7 INDIGENT POLICY

The purpose of the indigent policy is to ensure:

- The provision of basic services to the community in a sustainable manner, within the financial and administrative capacity of the Council; and

- To provide procedures and guidelines for the subsidization of basic service charges to its indigent households, using the Council's budgetary provisions received from Central Government, according to prescribed policy guidelines.
- The Council also recognizes that many residents can simply not afford the cost of full provision and for this reason the Council will endeavor to ensure affordability through setting tariffs in terms of the Councils Tariff Policy, which will balance the economic viability of continued service delivery; and determining appropriate service levels.

### 9.8 SUPPLY CHAIN MANAGEMENT POLICY

The policy spells out significant reforms for the procurement of goods and services in the municipality. This framework modernizes financial governance in the municipality and improves accountability and transparency for the award of municipal bids. It further establishes key procedures to enhance projects and budget implementation whist minimizing fraud and corruption in the bidding process, and preventing and minimizing possible conflicts of interest

***Copies of these policies are available at the Municipal Offices for further perusal***

## 10. Consultative process

The process for community consultation will only start after the budget has been tabled by the Council and all inputs received from the community will be taken into consideration before the finalization of the 2011/2012 Budget.

## 11. Alignment with national, provincial and district priorities

The National, provincial and district priorities will be gathered during consultative process and be integrated in the IDP of the Naledi Local Municipality and District Municipality.

## 12. Alignment with National and Provincial Government

Information-sharing will take place between the municipality and the national and provincial governments, in order to ensure integration.

## 13. Situational Analysis

### 13.1 Geographic Area Size

Naledi Local Municipality (*NW392*) with a surface area is 7 258km² in extent, and is one of the six (6) local municipalities (i.e. Lekwa- Teemane, Greater - Taung, Mamusa, Kagisano and Molopo) under the jurisdiction of Dr Ruth S Mompati District

Municipality situated in the North West Province of South Africa. The administrative centre of the municipality is the town of Vryburg. The town of Vryburg is considered the agricultural and industrial centre of Dr Ruth S Mompati District Municipality. The town is the host to the 3rd largest agricultural show in South Africa.

### 13.2 Population Size

Water and sanitation backlog study report of 2007, record 68380 as the total population of Naledi Local Municipality (13.6%) of the total population of Dr Ruth S Mompati District Municipality of about 500 365 people). Community Survey 2007 total population figure for Naledi Local Municipality was 57 934, which has since increase due to various factors including influx of people from the farms and growth within communities.

| Municipality | Population estimate | Households |
|---|---|---|
| Naledi Local Municipality | 68 380 | 13676 |
| **Total** | **68 380** | **13 676** |

**Sources: (water and sanitation backlog study (2007)**

### 13.3 Population Groups

Water and sanitation backlog study (2007), depicts that the Africans are in majority and constitute about 55424 people (81.05%) of the total population of Naledi Local Municipality). The Whites group is about 4954 (7.24%) of the total population of Naledi Local Municipality), Coloured constitute 7090 (10.37%) of the total population of Naledi Local Municipality) and the total number of Asians is 912 (1.34%) of the total population of Naledi Local Municipality.

| Area | Male | Female | Total |
|---|---|---|---|
| Naledi Local Municipality | 33212 | 35168 | 68380 |

***Sources: (backlog study (2007) and Global Insight 2009)***

## 14. Provision of Free Basic Services

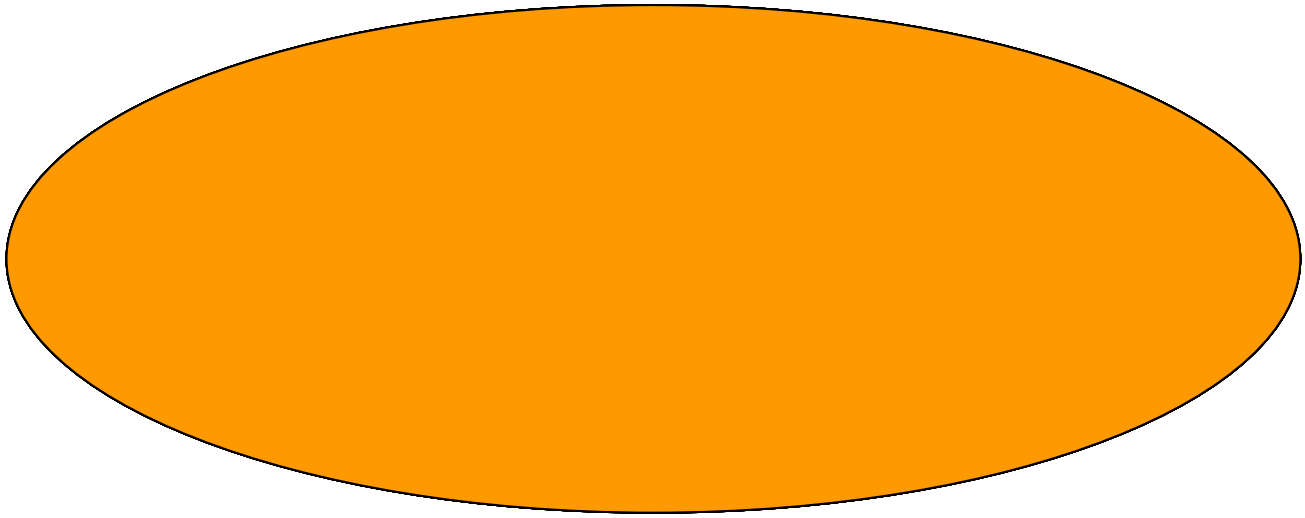
Naledi Local Municipality continues to play a central role in supporting economic development and alleviating poverty. The provision of basic services is a critical input to social well-being and economic activity. Naledi Local Municipality is providing free basic services in terms of the National Policy on free basic services.

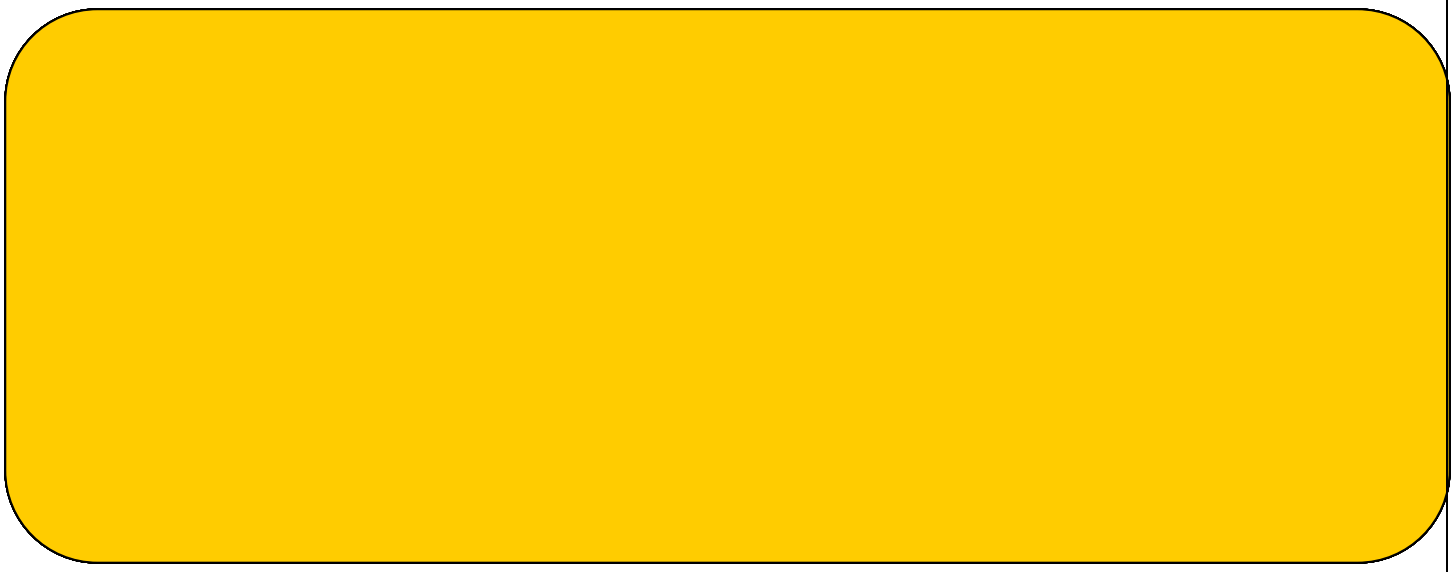
**The free basic services are provided as follows:-**

| | |
|---|---|
| Free Basic Water | : 6078 beneficiaries |
| Free Basic Electricity | : 5812 beneficiaries (50kWh each) |
| Free Basic Refuse Removal | : 707 beneficiaries |
| Free Basic Sewer | : 707 beneficiaries |
| Below RDP | : 87 |
| Access to infrastructure | |
| Below RDP standard | : 2784 |
| Water supplied within 200m | : 3295 |
| Household with access to “in-house” | |
| Water supply connections | : 14385 |

The free basic electricity is not applicable, refuse removal is granted at 100% and rebate on property rates is granted to poor households who are registered as indigent households in terms of the Indigent Policy. The free basic water and sewerage is provided to all domestic or residential users of water and sewerage irrespective whether is an approved indigent household or not.

## 15. The municipal vision, mission and values





## 16. Strategic focus areas

Development priorities and objectives are clustered in respect to the following key performance areas:

- Services delivery
- Local economic development
- Financial management and administrative
- Governance, public participation and intergovernmental outcomes
- Administration and labour matters

## 17. Service delivery standards, levels of services, outcomes, timetable for achievement and financial implications

### 17.1 WATER

**SITUATIONAL ANALYSIS**

- Water is received from Pudimoe Purification Plant and 18 boreholes.
- 12ML is needed per day
- Receive 1ML from Pudimoe Purification Plant per day and sometimes3ML depending on the hours of water pumping
- No bulk metering available to measure the yield of boreholes
- During summer months there is a tendency that reservoirs runs dry
- 11 335 households connected to water
- 3 312 households serviced by stand pipe
- 630 households in Dithakwaneng have access to water below RDP standards.
- 147 households in Gedultspan have access to water using one borehole which is below RDP standard

**CHALLENGES**

- Inadequate bulk water supply from boreholes and Pudimoe purification plant.
- Telemetry system not operational
- After the refurbishment of the second Pudimoe Purification Plant is complete additional 7ML of water will be available daily
- Sinking of 3 additional boreholes will assist in addressing the water shortage problem

**STRATEGY:**

- Develop master/maintenance plans for water, sewerage, roads and storm water, electricity and municipal buildings.
- Source funding for improvement or replacement of dilapidated infrastructure. Have the telemetry system repaired/replaced.
- Have additional boreholes drilled

## 17.2 SANITATION

### SITUATION ANALYSIS

- Waste Water Treatment Plant under capacity (capacity 6.5 ml compared to inflow of 9.0 ml)
- Oxidation Pond in Stella full.
- Bulk Sewer Network has reached maximum capacity
- Stella town not connected to sewer network
- Broken Equipment at waste water treatment plant in Vryburg
- 8 465 connected to sewer networks
- 421 using septic tanks
- 1630 using VIP system
- 1800 Illegal squatters using bucket system
- 1830 Illegal squatters are using communal VIP

### STRATEGIES

- Upgrading the plant to 10ML
- Upgrading the sewer bulk infrastructure
- Upgrade sewer treatment plant to ensure compliance with Department of labour.
- Built the fully fledge 5ML WWTP in Stella
- Design and Construction of bulk sewer collection lines
- Repair/replace broken mechanical equipments

## 17.3 ELECTRICITY

The situation in Naledi Local Municipality is of the old and dilapidated infrastructure. As the area is growing there is a need for additional supply and strengthening of the network (bulk and distribution). People are flocking into the area from the surrounding municipality that makes the demands to be high.

### OBJECTIVES

- To supply a stable and sufficient electricity to consumers
- To ensure area lighting.

### STRATEGIES

- Supply electricity from the southern side of the Vryburg town in order to reduce the load on the main sub-station at the industrial area.
- To develop the second fidder line to assist the Delarey Fidder line of ESKOM.
- To strengthen the fidder line that feed Stella Sub-station
- Upgrading of internal bulk network and distribution lines
- To introduce energy saving appliances
- To introduce rebates on all housing plans that has lighting that is more natural.

## 17.4 MUNICIPAL ROADS

### SITUATION ANALYSIS

- ± 80% of the 23km of surfaced roads need maintenance.
- 18km gravel roads need continuous re-gravelling and grading.
- 23 km surfaced without storm water channels
- 18 km of gravel roads need to be upgraded
- Ageing roads construction plants
- A need to construct diversion and or alternative road abnormal and heavy duty vehicles

### STRATEGIES

- Repair potholes
- Paving of identified bad roads
- Maintain storm water systems
- Maintain storm water channels
- Re-graveling and grading of gravel roads
- Purchase new infrastructure

## 17.5 REFUSE REMOVAL

| SITUATION ANALYSIS | OBJECTIVES | STRATERGIES |
|---|---|---|
| No access to Waste and refuse disposal at Dithakwaneng and Devondale | To have refuse removal services for household at Dithakwaneng and Devondale | Providing household with refuse removal Vehicle and mini transfer station |
| No licensed landfill site at Stella | Provide a fully fleshed and permitted landfill site at Stella | Appointing the Consultant for the registration process |
| Illegal Dumping | ▪ Achieve a safe and healthy environment.<br>▪ Clear common understanding of where should and should not dump.<br>▪ Sustainable environmental cleaning campaigns<br>▪ Enforcement of by-laws | ▪ Health awareness campaign<br>▪ Clearly demarcated spots |

| | | |
|---|---|---|
| Insufficient number of refuse bins at Huhudi and Colridge | Each and every household to possess 240L bin for refuse storage | Inviting bids for supply and delivery of bins |
| Insufficient number of transfer Stations | Ensure establishment of transfer station at Colridge, Ext 25, Devondale and Dithakwaneng | Apply for MIG funding and permit from (DACERD) Department of Agriculture, Conservation, Environment and Rural Development |
| Unreliable transportation for refuse removal | To have more reliable vehicles and more effective service delivery | Inviting bids for the supply and delivery of vehicles |
| Mass containers (18m3) not being maintained | To ensure maintenance of the containers on a regular basis | Maintenance of containers |

**18. Annual budget tables**

Refer to Municipal Annual Budget and MTREF & Supporting Tables attached as "Section C"

**19.Councilors and board members allowances and employee benefits.**

Refer to Section 'C' Table SA22.

The above table is a comparison of the total expenditure related to salaries and benefits for the mentioned financial years as per the budget for 2011/2012

The staff salaries budget has been increased by 7.5% across the board as per inflation rate.

Breakdown of salaries, remuneration and benefits

The detailed breakdown of the salaries, wages, remuneration and benefits are will be depicted in Supporting table 8 – 8b:-

- Supporting table SA23 – Disclosure of salaries, allowances and benefits

- Supporting table SA22 – Summary of total salaries, wages, allowances and benefits
- Supporting table SA24 – Summary of personnel numbers

## 20.Monthly targets for revenue, expenditure and cash flow

The monthly cash flows will be reflected in the Supporting table SA27 and SA30:-

- Supporting table SA30 – Monthly Cash Flows
- Supporting table SA27- Monthly revenue and expenditure.

## Annual budget and service delivery and budget implementation plans-internal departments

The service delivery budget implementation plan per department will be furnished on the submission of final budget.

## Annual budget and service delivery agreements-municipal entities and other external mechanisms.

The Naledi Local Municipality does not have the municipal entities.

## 21 Capital expenditure details

- Refer to Section 'c' Table A5

## 22.Budget process

**Schedule of key deadlines relating to budget process (MFMA s21(1)(b))**

A budget time-table (Schedule of key deadlines) relating to budget process (MFMA s21 (1) (b)) was compiled and submitted to the Council of Naledi Local Municipality. The Council took notice of it and emphasised the adherence to it.

**IMPLEMENTATION OF MUNICIPAL FINANCE MANAGEMENT ACT**

**MONITORING TOOL**

| CHAPTER | SECTION | CONTENTS | LEGISLATIVE COMPLIANCE DATE | STATUS OF MUNICIPALITY |
|---|---|---|---|---|
| 4 | 15 | Budgets: Appropriation of funds | | Complies |
| | 16 | Tabling and approval of budgets before start of financial year | Immediately, with 2011/12 budget to be tabled in Council no later than 31 March 2011 and annually thereafter before 31 March | Complies |
| | 17(1)(c), (d)(ii) and (3)(b) | Contents of budgets and supporting documents | Applies to 2011/12 budget | Complies |
| | 18 | Funding of expenditure | With effect from 2011/12 budget year | Complies |
| | 19 | Capital Projects | Applies to 2011/12 budget | Complies |
| | 21 | | Budget preparation plan to reach Council before 30 September and | |

| CHAPTER | SECTION | CONTENTS | LEGISLATIVE COMPLIANCE DATE | STATUS OF MUNICIPALITY |
|---|---|---|---|---|
| | | Budget preparation process | annually thereafter | Complies |
| | 22 | Publication of annual budget | Immediately after 31 March 2011<br>Applies to 2011/12 budget | Complies |
| | 23 | Consultations on budget<br>(Community participation) | Applies to 2011/12 budget | Complies |
| | 24(2)(c)(iii) | Approval and submission of budgets | Immediate | Complies |
| | 25 | Failure to approve budgets | Immediate | Complies |
| | 26, 27 | Consequences of failure | With effect from 01 July 2011 | Complies |
| | 28 | Municipal Adjustment | Immediate | Complies |

| CHAPTER | SECTION | CONTENTS | LEGISLATIVE COMPLIANCE DATE | STATUS OF MUNICIPALITY |
|---|---|---|---|---|
| | 29,30,31,32 | budgets | | Complies |
| | 33 | Unforeseen, unavoidable, unauthorized, irregular expenditure<br>Contracts with future budget implications | Immediate | Complies |
| 5 | 35 | Promotion of co-operative governance | Immediate | Complies |
| | 37 | Promotion of co-operative governance | Applies to 2011/12 Budget | Complies |
| | 38,39,40 | Stopping of funds to municipalities | With effect from 1 July 2011 | Complies |
| 6 | 45 | Short-term debt repayment | Immediate with S45(4)(a) | Complies |
| | 46,47,48,49,50 | Long-debt, debt security, disclosure and guarantees | Immediate | Complies |
| 7 | 52 | Responsibilities of Mayors | Immediate | Complies |
| | 53 1(c)(ii)&(iii), & (3) | Service delivery and budget implementation plans | | Complies |
| | 54(1)(b), | | | |

| CHAPTER | SECTION | CONTENTS | LEGISLATIVE COMPLIANCE DATE | STATUS OF MUNICIPALITY |
|---|---|---|---|---|
| | (c), (d)(i), (3) | | | Complies |
| 8 | 60,61 | MM to be accounting officer, Fiduciary responsibilities | Immediate | Complies |
| | 62(1)(c) & (f)(i)(ii)(iii) | Internal audit | | Complies |
| | 62(1)(f)(iv) | Full and proper records and supply chain management | | Complies |
| | 63(2) | Asset and liability management | | Complies |
| | 63(1) | Asset & liability management | | Complies |
| | 64,65 | Expenditure on staff benefits | Immediate with reports setting out totals for category {i.e. (a) to (g)} by 31 January (for July to December) and 31 July (for January to June) each year | Complies |
| | 66 | Funds transferred to organizations & budget preparation | Immediate | Complies |
| | | Monitoring of revenue | | |

| CHAPTER | SECTION | CONTENTS | LEGISLATIVE COMPLIANCE DATE | STATUS OF MUNICIPALITY |
|---|---|---|---|---|
| | | & expenditure | | |
| | 67,68 | Submission of draft SDBIP | Immediate | Complies |
| | 69(1)&(2) | Shortfalls & overspendings | | Complies |
| | 69(3) | Monthly budget statements | | Complies |
| | 70 | | | Complies |
| | 71(1)(a)(b)(g) (iii), (2)(3)&(4) | Expenditure by vote | | Complies |
| | 71(1)(c)&(d)& (g)(iii) | Monthly budget statements DORA | | Complies |
| | 71(1)(e), (f), (5,6,7) | Midyear budget & performance assessment | | Complies |
| | 72(1)(a)(i)(iii)(iv) (1)(b), | | | |

| CHAPTER | SECTION | CONTENTS | LEGISLATIVE COMPLIANCE DATE | STATUS OF MUNICIPALITY |
|---|---|---|---|---|
| | (2)&(3)<br><br>72 (1)(A)(1)<br>(ii)<br><br>73<br><br>74<br><br>75 | SDBIP<br><br>Reports on failure to implement Budget<br><br>General reporting obligation<br>Information for web-sites | | Complies<br><br>Complies<br><br>Complies<br><br>Complies<br><br>Complies |
| 9 | 80<br><br>82 | Budget & Treasury Office establishment<br>Delegations by Chief Financial Officer | Immediate | Complies<br><br>Complies |
| 10 | 84,85,86, | Bank accounts | Immediate. | Complies |
| 11 | 110,113,114, 115,116,117,118 | Supply chain management<br>Supply chain management policy | | Complies |

| CHAPTER | SECTION | CONTENTS | LEGISLATIVE COMPLIANCE DATE | STATUS OF MUNICIPALITY |
|---|---|---|---|---|
| | 111 | Policy to comply with framework | | Complies |
| | 112 | Competency levels | | Complies |
| | 119 | | | |
| | 120 | PPP - conditions and process | | Complies |
| 12 | 121 | Reports & Audits – annually | | Complies |
| | 122(1) | Financial statements | Immediate | Complies |
| | 122(3) | Statements – GRAP compliance | | Complies |
| | 123 | Disclosures on allocations | Immediate | Complies |
| | 124,125 | Disclosures on Councillors | | Complies |
| | 126,127,128, 129,130,131, 132,133,1 | Reports and audit, submissions, consequences, annual | | Complies |

| CHAPTER | SECTION | CONTENTS | LEGISLATIVE COMPLIANCE DATE | STATUS OF MUNICIPALITY |
|---|---|---|---|---|
| | 34 | reports | | |
| 13 | 135 to 162 | | | |
| 14 | 165<br><br>166<br><br><br><br>167,168,169, 170 | Internal audit unit<br><br>Audit committees<br><br><br><br>Councilors remuneration, treasury regulations, consultative processes | <br><br>Immediate | Complies<br><br>Complies<br><br><br><br>Complies |
| 15 | 171 to 175 | Financial misconduct | Immediate | Complies |

**Stakeholders**

Stakeholders who attended the IDP Steering Committee meetings and that will be attending Representative Forum meetings will be from all over the Municipality.

**Process for tabling the budget in council for consultation**

The IDP and Budget for 2010/11 will be discussed during community meetings that will be held at various places. The IDP and Budget documents will also be open for perusal. These meetings will be published in local newspapers, notice boards of the municipal offices and libraries.

**Process for tabling the budget in council for consideration of approval**

Naledi Local Municipality choose option 2 where in the newly appointed council will be taken through the budget process to familiarize themselves and consequently

approve the final budget for 2011/2012 -2013/2014. Option two was opted mainly to enhance the budget ownership by the newly Council elect.

**Models used for prioritizing resource allocation**

The Representative Forum communicated the needs and demands of the community to the meeting. The available funding for capital projects was obtained from the Division of Revenue Act and the Finance Department. Meetings were held by the different departments and the projects as reflected in the IDP were prioritized according to the framework, where possible.

**Process to record and integrate inputs from the community in the final budget**

The requests / comments that will be received from the community will be integrated into IDP and Budget document before the final approval by the Council.

**Overview of alignment of budget with Integrated Development Plan**

The general principle in constructing a municipal budget is that the developmental policy proposals that are contained in the IDP of the municipality must be costed and budgeted for. Having looked at the municipality's IDP, you may want to verify whether priority issues have also been budgeted for in alignment with the IDP documentation. This information should, at least to some extent, be found in the municipality's budget.

Alignment for the capital budget to the IDP occurred mostly at a project level and not necessarily at a strategic level. Having undertaken an assessment of spending patterns against IDP Priorities, it was found that the IDP and the Budget (Operating and capital) is actually more aligned to the IDP than originally expected. But, the allocation of the budget (operating and capital), is something that need to be addressed through the development of a prioritization/allocation model against IDP priorities aligned to financial strategies.

**Review of the Integrated Development Plan**

The current Draft IDP to be adopted by the Council is a product of the newly elected Council and will be applicable for the same term of office as Council.

**Trade Creditors.**

The municipality is unable to honor its creditors within the 30 days period due to the debt legacy inherited and trying to close the gap.